AdEx PARTNERS

AdEx Partners ESG Report 2023

March 2024

Generated by

ESGAdvantage

In collaboration with

Holtara

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Executive summary

This year's review marks the first annual ESG assessment of AdEx Partners as part of the Capvis portfolio.

AdEx Partners has a strong recognition that its responsibility extends beyond delivering exceptional consulting services. The company expresses a commitment to being a catalyst for positive change, leveraging its expertise to foster social and environmental progress.

This ESG report encapsulates AdEx's journey towards integrating sustainable practices into the core of the business, reflecting on triumphs, challenges and the path forward. Central to the company mission is the belief that its core competencies can—and should—serve as vehicles for societal and environmental benefit. AdEx's core business activities extend to pro bono consulting for nonprofits and guiding commercial clients toward sustainable strategies, demonstrating how it can positively impact society through its business proposition.

In terms of embedding ESG into its internal operations, AdEx performs most strongly on its treatment of employees and the vast learning opportunities it provides, maintaining strong standards of employee wellbeing and a very low turnover rate (3.8%). Planned future work on the development of a DEI strategy will complement this and ensure AdEx can attract and retain top employees from a diverse talent pool. In terms of improvement areas, AdEx could increase its ambition levels with regards to decarbonisation and consider setting a net zero target, once a feasibility assessment has been conducted. Data privacy and security is another area where AdEx could position itself more competitively, through achieving industry-leading certifications such as ISO27001.

Looking forward to the rest of 2024, AdEx has committed to a variety of improvement projects, covering further decarbonisation of its business travel, eliminating inequalities in its workforce and formalising the ESG topic within board agendas. As transparency remains a key principle of AdEx, it will look to hold itself accountable to stakeholders and commit to reporting on progress.

Key performance indicators 2023

25.1	8	19.4%	6	n/a
tCO_2e / €m net rev	#	%	#/6	#/3
Carbon intensity	Days lost due to injury	Gender diversity of the workforce	Governance policies in place	SDG projects achieved

ESG Theme Performance

Please see below an overview of the selected material ESG themes. For each of the selected material themes, a self-assessment has been conducted on a 5-point performance scale, ranging from 'reactive' to 'future proof' performance. For an overview of the tailored ESG performance descriptions for each selected theme, please see the Theme Performance Overview Section in the Annex. While proprietary to ESG Advantage, the performance levels are aligned with science-based and international standards wherever possible.

Performance of ESG material themes

Data protection & customer privacy	Theme Performance Rating[1]	2
Theme progress 2022-23: AdEx has already established organizational structures with specific data security and privacy roles, such as DPO, and is working to ensure all employees receive data privacy and security training relevant to their roles.		
Carbon footprint management	Theme Performance Rating	2
Theme progress 2022-23: AdEx already monitor its Scope 1, 2 and 3 carbon emissions, particularly from business travel, and has made great progress in reducing Scope 1 and 2 emissions through green electricity procurement.		
Diversity, Equity and Inclusion	Theme Performance Rating	2
Theme progress 2022-23: AdEx are working on a DEI strategy covering all relevant dimensions. Certain DEI KPIs are already monitored and reported on in the company's UNGC report.		
Employee engagement & well-being	Theme Performance Rating	4
Theme progress 2022-23: A lot of effort has gone into employee wellbeing and providing opportunities for personal and professional development. Processes and procedures are well-defined and implementation of 360 feedback is planned for the near future.		
Integration of ESG strategy	Theme Performance Rating	3
Theme progress 2022-23: AdEx's ESG strategy is actively discussed at partner level meetings (twice a year). AdEx assessed its own ESG performance for the first time last year through the ecovadis platform and scored better than 72% of participating companies.		
ESG Performance Rating[2]		2.6

[1] Theme performance rating is based on Holtara's 5-point maturity scale, please see annex for more details on methodology.
[2] Overall performance rating is a simple average of the individual theme ratings listed above.

SDG Projects 2024

This section contains self-defined action plans and initiatives aimed at improving the ESG performance over the coming years. The action plans contain a description of the planned initiative, a progress description, to which ESG theme the initiative is linked, a target date, a responsible person, and a status. Please see below an overview of the ESG initiatives, and their alignment with relevant SDGs.

Project 1

Initiative: Employee Sustainability Challenge

Aligned SDG target: Target 13.2 to integrate climate change measures into national policies, strategies and planning.

Description: In the Sustainability Challenge, AdEx unites employees across departments to engage in a month-long initiative aimed at promoting sustainable living practices. The challenge's goal is to foster a culture of environmental responsibility by encouraging participants to adopt small, impactful actions in their daily lives, tracked and supported through a gamified app, ultimately contributing to the organization's broader sustainability objectives.

ESG Theme	Target date	Responsible
Carbon footprint management	2024/05/31	Joscha Markowz

Project 2

Initiative: Identify and eliminate institutional inequalities and biases throughout the employee lifecycle

Aligned SDG target: Target 10.3 to ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

Description: AdEx will evaluate the employee lifecycle from recruiting to offboarding to rigorously assess and eradicate any institutional inequalities and biases present at each stage of the lifecycle, ensuring a fair and inclusive workplace for all.

ESG Theme	Target date	Responsible
Diversity, Equity and Inclusion	2024/06/01	Maureen John

Project 3

Initiative: Discuss ESG in board meetings

Aligned SDG target: Target 16.6 to develop effective, accountable and transparent institutions at all levels.

Description: AdEx commits to integrating discussions on Environmental, Social, and Governance (ESG) performance and enhancement strategies, as well as expanding its ESG consulting efforts, into at least two board meetings annually.

ESG Theme	Target date	Responsible
Integration of ESG strategy	2024/07/01	ESG team

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Annex 1 – ESG Indicators & Policies

ESG Indicators

This section provides an overview of a number of key ESG indicators, including the Carbon Footprint. Progress on the ESG indicators is displayed over the last three years.

Carbon Indicators	Progress over time	2021	2022	2023
Scope 1 emissions (tCO2e) [*]		-	-	8.0
Scope 2 emissions (tCO2e) [*]		-	-	6.4
Scope 3 emissions (tCO2e) [*][1]		-	-	1571.4
Scope 1+2 emissions (tCO2e)		-	-	14
Scope 1+2+3 emissions (tCO2e)		-	-	1586
Scope 1+2 emissions revenue intensity (tCO2e/€m Rev)		-	-	0.2
Scope 1+2+3 emissions revenue intensity (tCO2e/€m Rev)		-	-	25.1

Report notes:
* EDCI indicator.

Environmental Indicators	Progress over time	2021	2022	2023
Renewable energy use (%) [*]		-	-	12%
Total renewable energy consumption (MWh)		-	-	9
Total energy consumption (MWh)		-	-	79
Energy intensity (MWh /m€ rev)		-	-	1
Total electricity consumption (MWh)		-	-	14
Renewable electricity use (%)		-	-	65.7%
Renewable energy produced (MWh)		-	-	0
Non-renewable energy produced (MWh)		-	-	0
Total energy production (MWh)		-	-	0
Emissions to water (Tonnes)		-	-	0
Hazardous or radioactive waste (Tonnes)		-	-	0

Report notes:
* EDCI indicator.
Note: As AdEx only has two smaller offices and rents a room in a serviced office, there are no accurate figures for water consumption, waste generation and recycling, hence these indicators are not included.

Custom Indicators[1]	SDG	Progress over time	2021	2022	2023
Number of FTE days invested in pro bono projects (#) (SDG 17.16)			-	-	-[2]
Carbon intensity (Scope, 1 2 and 3) (tCO2e/€m Rev) (SDG 13.2)			-	-	25.1
Gender diversity of new hires (% females) (SDG 5.1)			-	-	-[2]

Report notes:

[1] The UN Sustainable Development Goals (SDG) targets in brackets indicate the KPIs which have been developed to better measure our progress in supporting certain SDGs. Please refer to the UN SDG targets on https://sdgs.un.org/goals for a full description.

[2] These KPIs will be monitored from 2024.

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Annex 2 – ESG Performance Ratings

Theme Performance Overview

Please see below an overview of the tailored ESG performance descriptions for each selected material ESG theme.

Please note that information within the maturity scale is used as an indicative guide for ESG performance. Companies are required to select the performance level that best matches their current performance with the view that the majority of requirements must be met to fall within that level.

Carbon footprint management – Performance Overview

Rationale: Relates to all types of emissions generally emitted by a company (i.e. Scope 1 stationary combustion, Scope 2 purchased electricity/heat/steam emissions and Scope 3 business travel/employee commuting). Companies that focus on reducing carbon emissions can reduce their exposure to fluctuating energy prices and lower costs spent on energy and business travel. Additionally, a sustainable proposition can help to attract talent, provide and edge in tenders, and boost the firm's image.

2022-23 progress:

- AdEx has well established processes in place to monitor Scope 1, 2 and 3 carbon emissions and has made some progress in reducing Scope 1 and 2 emissions. This has mainly been pursued through procuring green electricity in the offices where the company has operational control, as well as the use of video conferencing.
- AdEx has also taken some measures to reduce business travel through its travel guidelines. For company-wide on site events AdEx provides transparent comparison of time, cost and carbon footprint of various means of transportation (flight vs. car vs. train). It also offers a list for carpooling and shuttle busses from central public transportation hubs (airports / train stations) to the final destination. BahnCards can be paid for by AdEx Partnres if there is sufficient usage, and they can also be used for private matters. When traveling by train, employees are allowed to purchase 1st class tickets to incentivise train usage.
- The company has not yet set any carbon reduction target, and this is something which may be explored in the future.

2023 Assessment

1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress made.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
• Management aims to adhere to (local) energy regulations (i.e. EED (EU), ESOS (UK), Wet Milieubeheer (NL))	• Basic monitoring of energy and carbon emissions and targets set for net-zero before 2030 (Scope 1 + 2)	• Comprehensive monitoring of Scope 1 + 2 emission sources according to recognised accounting standards (e.g. CO2 Prestatieladder, GHG Protocol)	• Science-Based Targets set in line with the 1.5°C climate scenario (X ≥ 4.2% annual linear reduction)	• Net-zero emissions achieved for Scope 1 and 2
• No insight into employee commuting & business travel	• Energy audit conducted and quick-wins addressed (e.g. procurement of green electricity)	• Scope 1, 2 and 3 emission target for net-zero before 2045 set and officially committed to Science-Based Target Initiative (SBTi)	• Science-Based Targets set in line with well-below 2°C climate scenario (X ≥ 2.5% annual linear reduction) on business travel emissions	• Year-on-year progress realised on Scope 3 emissions of at least 2.5% linear annual reduction rate (in line with SBTi)
	• >70% of the electricity is sourced from renewable sources (not necessarily local)	• >90% of electricity is derived from local renewable sources	• Onsite renewable energy generation deployed, if possible (e.g. full rooftop potential realised for solar panels)	• Total energy consumption reduced to absolute minimum
	• Ad-hoc initiatives to improve business travel sustainability	• Onsite renewable energy generation potential assessed (e.g. rooftop potential assessed for solar panels) • Monitoring emissions resulting from business travel and employee commuting	• All distances reachable within 6 hours by train are travelled by train	• Net-zero carbon footprint achieved (business travel reduced to absolute minimum) • Employees only commute by bike, public transport or electric vehicles

	• Encouraging video conferencing, including monitoring of avoided emissions due to avoided flights

Data protection & customer privacy – Performance Overview

Rationale: Relates to the management of data security and privacy issues. Could be material for companies that handle large volumes of data on behalf of their customers/clients. For sensitive data or IT firms, the theme 'Data Protection & Cyber Security' should be selected.

2022-23 progress:

- AdEx are currently transitioning between "Involved" and "Committed" performance levels.
- Organizational structures with specific data security and privacy roles (such as DPO) are already established and all employees receive data privacy and security training relevant to their roles.
- Key documents such as a data privacy notice and an information security statement are in place, outlining the measures in place for collecting and processing data, as well as how to ensure its integrity.
- AdEx's data incident response process is clearly established, incl. the involvement of relevant stakeholders and establishing clear responsibilities for managing information security events. A cybersecurity liability insurance policy is in place, with a coverage amount of five million EUR.
- AdEx does not yet have any data protection related certifications such as ISO27001 in place.

2023 Assessment

1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress made.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
• Little to no governance or risk & compliance planning, actions taken if needed	• Regular self-assessment or Plan Do Check Act (PDCA) cycle, Information Security Life Cycle or equivalent in place	• Developed organisational structures with specific data security & privacy roles assigned (e.g. top-level mgmt. DPO, security officer, project manager)	• Company-wide action plan, KPIs & targets for improvement of PDCA cycle, and IT systems in place	• Industry-leading preventative approach to continuous data security & privacy management
• Data security efforts are driven by local regulation (e.g. GDPR in EU)	• Full privacy notice is publicly available	• All employees receive data privacy and security training relevant to their role	• PDCA executed to evaluate and update processes on at least an annual basis	• Best practice is supported by the absence of data privacy and security incidents in the last 3 years (cyber security breaches, GDPR incidents, data leaks)
	• Incident/breach management process is in place	• ISO 27001 in place and/or SOC2/ISO27701 certification in place.	• A PDCA cycle is embedded into all levels of the organisation with external auditing, allowing for follow-up and resolution (at least bi-annually)	• PDCA improvement and continuity processes are embedded into company-wide operations
	• Data security and privacy training provided to key employees • Data security management system in place including for physical data assets	• Third-party risk assessments performed	• Data security and privacy training delivered to all employees	• Continuous protocol and response testing in place

Diversity, Equity and Inclusion – Performance Overview

Rationale: Relates to the extent to which companies resemble their societies and talent pools across key statistics (e.g. gender, age, ethnicity), and their efforts to be an inclusive organisation combatting institutional biases and inequalities. Material for a broad range of companies, especially those pivoted towards professional services.

2022-23 progress:

- AdEx has some existing DEI initiatives in place, including alliance networks, anonymous reporting & monitoring system, back to work programs, shared parental leave and standardised recruitment practices.
- Despite this, AdEx has low female participation rate across the company (19.4%) and this is even more acute at senior levels.
- AdEx are currently developing a DEI strategy which will cover all relevant dimensions. While certain DEI KPIs are monitored and reported on in the company's UNGC report, action plans to follow up on these findings are limited at this stage.
- Part of this strategy will involve collaborating with peers to improve DEI across the industry, for example through organising networking events, blogs, podcasts, etc.

2023 Assessment

1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress made.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
• Compliance to local regulation (e.g. Equality Act in UK, 'Wet ingroeiquotum en streefcijfers' in NL)	• DEI policy in place covering the most material considerations	• DEI strategy in place covering all relevant dimensions (e.g. gender, social background, neurological diversity)	• Consistently strong DEI performance evidenced by positive employee sentiment and performing above industry benchmarks on key DEI KPIs	• DEI performance is considered industry leading, with DEI integrated into every stage of the employee lifecycle and performance regularly reviewed
• Diversity, Equity & Inclusion (DEI) not taken into account during all stages of the employee lifecycle (Attraction; Recruitment; Onboarding; Development; Retention; Separation)	• Ad hoc initiatives in place to improve DEI (e.g. unconscious bias training)	• Dedicated monitoring and reporting infrastructure in place (e.g. employee sentiment, pay gaps) with subsequent targets and action plans	• Processes in place to eliminate institutional inequalities and biases across the employee lifecycle (e.g. gender neutral parental leave, back-to-work programs, blind CV screening)	• Workforce experiences equal opportunities and the elimination of institutional biases (including wage gap), and can be considered diverse across multiple characteristics at all levels (e.g. employees, management, board)
	• Quick-wins captured across the employee lifecycle	• DEI strategy and vision is actively communicated with employees and key stakeholders		• Company actively positions itself as a DEI leader to external stakeholders and its talent pool (e.g. by signing up to industry initiatives, hosting DEI related events)

Employee engagement & well-being – Performance Overview

Rationale: Relates to a company's ability to attract, develop, and retain high-quality employees. Includes HR practices, employee well-being, satisfaction, as well as learning & development. Could be material for companies that depend on a highly-skilled workforce.

2022-23 progress:

- Employee wellbeing, turnover and absenteeism are monitored and are significantly better than the industry average. A lot of effort is put into employee wellbeing and providing opportunities for personal and professional development.
- AdEx has multiple trainings available to the employees, both on profession-related topics (e.g. Scrum, SAFe, PRINCE2) and soft skills (e.g. Trusted Advisor, Resilience, Sales) that employees can choose from. In addition, employees can suggest their own external trainings.
- Regarding wellbeing, the company has a special program in place to train employees to become "Well-Being and Performance Guides" and support colleagues in case of stressful phases and to generally promote resilience in the company.
- A broad CSR volunteering programme is in place with various initiatives, allowing our employees to do pro bono consulting for nonprofit organizations at full payment or corporate volunteering initiatives like packing Christmas gifts for children in need.
- Given the company's small but growing size, it is lacking in some areas of formalising existing HR practices, for example an HR handbook.
- Implementation of 360 feedback is planned for the near future.

2023 Assessment

1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress made.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
• No policies in place, employee engagement managed on an ad hoc basis	• Informal HR and employee guidelines available	• Company-wide HR policy and employee handbook in place	• Company-wide HR policy and employee engagement strategy reviewed regularly with employees	• Employee satisfaction results are in the highest quartiles for >5 years. Employees have evaluation discussions twice a year based on their development needs and self-assessments
• Diversity, Equity & Inclusion (DEI) not taken into account, beyond regulatory requirements	• Ad hoc initiatives in place to improve DEI (e.g. unconscious bias training)	• DEI strategy in place covering all relevant dimensions (e.g. gender, social background, neurological diversity)	• Processes in place to eliminate institutional inequalities and biases across the employee lifecycle (e.g. gender neutral parental leave, back-to-work programs, blind CV screening)	• DEI performance is considered industry leading, with DEI integrated into every stage of the employee lifecycle and performance regularly reviewed
• Obligatory learning opportunities in place (e.g. compliance, GDPR)	• Market-conforming educational and vocational L&D in place	• L&D offerings in place tailored to employees' needs, and personal L&D budget available for everyone	• Extensive L&D opportunities provided, including budget which >70% of employees use annually	• L&D budget in place that >85% of employees use annually
• Informal monitoring of turnover and absenteeism. No	• Monitoring of new hires, turnover, and absenteeism. Targets set in line with	• Continuous monitoring of turnover and absenteeism.	• Turnover and absenteeism rates are below industry	• Turnover and absenteeism rates are below industry average for >5 years

improvement plans in place	industry benchmarks. Risks on work-related issues are mitigated (e.g. musculoskeletal disorders, stress)	Figures are below industry benchmark	benchmark for >3 years	
• Employee well-being is not measured and there are no specific initiatives in place or benefits provided	• Employee satisfaction and well-being managed on an ad hoc basis and quick-wins are implemented by HR. Employees have annual evaluation periods with their supervisor/manager	• Employee well-being is monitored and discussed on management level annually and basic secondary benefits are in place (e.g. trust person, flexible working hours). • Employee satisfaction survey conducted annually with scores above industry average and formal follow-up. Formal evaluation system including 360 feedback in place	• Employee well-being is monitored and reported to management monthly. Programme available, including extensive set of benefits • Evaluation system focused on personal development twice a year, 360 feedback including transparency on promotion and growth potential. Exit interviews are conducted	• Well-being is a main agenda item in board meetings and monitored continuously. A wide range of offerings are in place (e.g. coaching, healthy food, team events etc.)

Integration of ESG strategy – Performance Overview

Rationale: Relates to a company's ability to implement an ESG/sustainability strategy, responsibilities and decision-making processes, and ESG board oversight. Could be material for companies that want an overall theme describing ESG governance, public companies that have to report on ESG, and private companies that voluntarily report on ESG initiatives/targets.

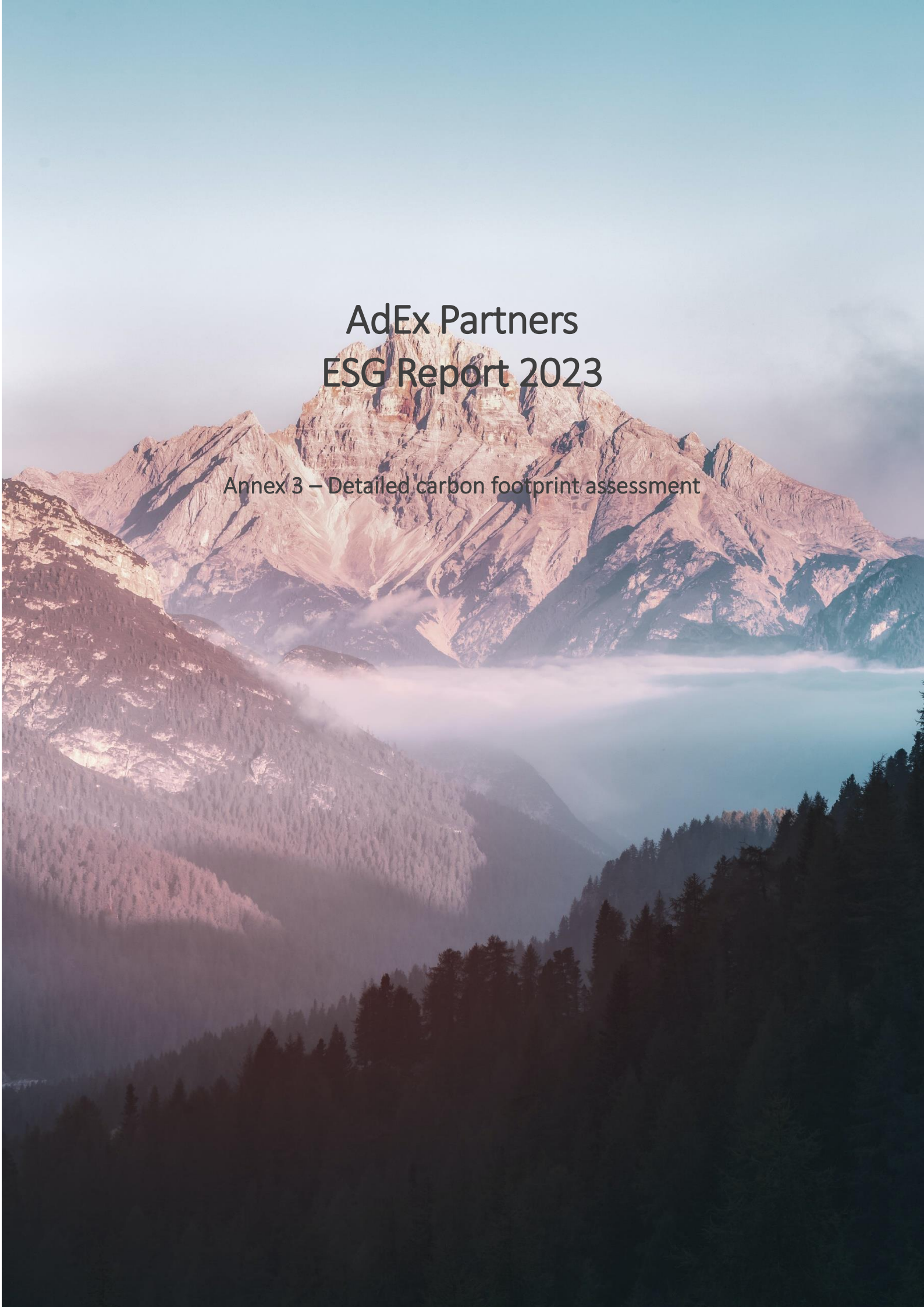
2022-23 progress:

- AdEx's ESG/CSR strategy is actively raised and discussed at partner level meetings (twice a year). However, proper C-level accountability for the topic has not yet been formalised.
- In 2023, AdEx assessed its own ESG performance for the first time last year through the ecovadis platform and scored better than 72% of participating companies. External communication on ESG is strong, with a dedicated statement and ESG webpage which shares progress on key initiatives with external stakeholders.
- AdEx is currently working to further develop and integrate an ambitious ESG strategy and has plans to introduce ESG as a formal and regular agenda item at board level.

2023 Assessment

1. Reactive	2. Involved	3. Committed	4. Integrated	5. Future proof
Reactive ESG management driven by regulations.	Ambition to improve ESG has been formulated, baseline identified and initial progress made.	Strategy for improved ESG risk and opportunity management has led to strong performance.	Company-wide integration of ESG has brought a future-proof business within reach.	Business proposition and management is fully aligned with a future-proof society.
• No ESG statement on the website and no other (external) visibility with regards to ESG	• Limited ESG statement on the company website	• ESG (internal or publicly disclosed) policy in place	• ESG policy and strategy (including materiality assessment, KPIs, and targets) are updated annually and communicated to stakeholders (e.g. through public disclosure)	• The company's ESG measures and strategy (including materiality assessment, KPIs, and targets) are amongst the top of the industry and peers, as well as demonstrating (best-practice) results
• No (internal or publicly disclosed) ESG policy or strategy (including materiality assessment, KPIs and targets) in place	• Limited (internal or publicly disclosed) ESG policy, and/or ESG strategy (including materiality assessment, KPIs and targets) in place	• ESG (internal or publicly disclosed) strategy in place (including materiality assessment, KPIs, and targets, such as ensuring minimalised product disposal effects or mitigated ESG risks)	• YoY progress on ESG strategy integration is demonstrated	• Initiator/frontrunner of ESG strategy initiatives and pushing ESG standards in the industry
• ESG is discussed on an ad hoc basis on the board agenda (mostly from a risk or cost efficiency perspective)	• Limited ESG-related memberships, industry standards and/or certifications in place	• ESG- related memberships, industry standards and/or certifications are in place	• On track to reach ESG (KPI) targets	• ESG board oversight acts as a role model for the sector and/or other organisations (e.g. board is strongly involved in the company's ESG processes)
• ESG criteria are not included in the remuneration policy and/or incentives are not linked to sustainability performance	• Limited C level ESG accountability and responsibilities are in place	• ESG is formally discussed at the board level on a regular basis, also including more strategic value creation topics (instead of solely ESG risk mitigation)	• ESG is formally discussed at the board level on a regular basis, also including more strategic value creation topics (instead of solely ESG risk mitigation) and tangible ESG board oversight progress is demonstrated (YoY)	• Incentives for sustainability performance are pioneering the sector (>15% of management bonus)

• Limited ESG incentive schemes in place (<5% of management bonus)	• Incentives for ESG performance are in place (between 5% and 15% of management bonus)	• Incentives for ESG performance are pioneering the sector (>15% of management bonus) • Dedicated manager in place that oversees the ESG integration performance of the company	• Dedicated business unit in place that oversees and executes the ESG integration plan of the company



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Annex 3 – Detailed carbon footprint assessment

AdEx Partners

Carbon report 2023

March 2024

About this report

Company profile

AdEx Partners (“AdEx”) is a leading IT strategy consulting boutique founded in 2012, with operations in Germany, Switzerland and Austria. The company headquarters are in Hamburg, Germany. AdEx serves more than 70 clients, including blue-chip enterprises working toward developing an IT strategy and digitally transforming their businesses.

Temporal limits

2023

Standard

GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard

Study approach

Operational Control Approach[1]
With the aim of covering 100% of the activities carried out

Exclusions from study

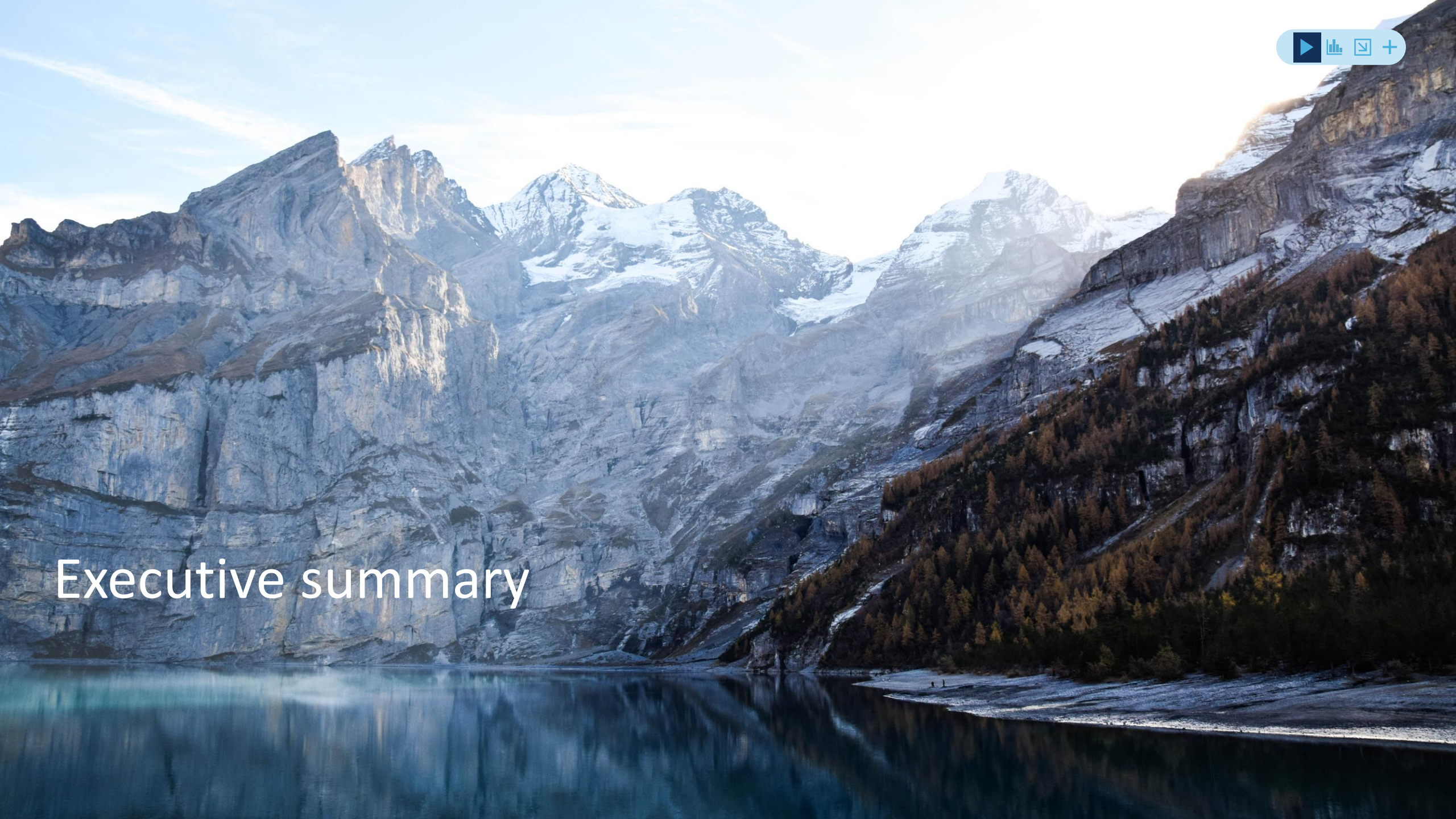
Emission sources exclusion criteria are based on:
1. Low materiality (negligible effect on footprint)
2. Low data quality, integrity or accessibility of information

Details can be found on the Materiality page

This document presents the greenhouse gas footprint assessment of AdEx Partners (“AdEx”) conducted in Q1 2024, based on desk research, data provided by the company, its suppliers, and customers, as well as several discussions between company management and Holtara.

Executive summary | Carbon footprint | Decarbonisation opportunities | Annex

[1]Scope 2 values are reported using the market-based approach, unless otherwise stated.



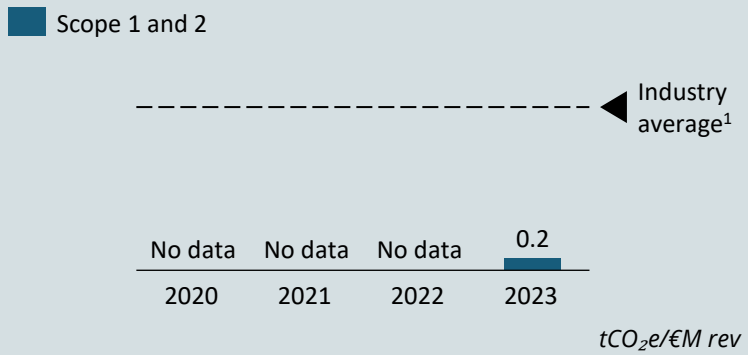
Executive summary

AdEx has undertaken a comprehensive carbon footprint assessment which informs decarbonisation opportunities

Key takeaways

- **AdEx has displayed commitment to mitigating climate impact through several ad-hoc initiatives to improve carbon performance across its operations and value chain.**
- AdEx's operational (scope 1 and 2) carbon intensity lies well below the industry average for the IT consulting industry.
- Value chain emissions constitute the majority of AdEx's total footprint, particularly for the business travel and purchased goods and services categories. Decarbonisation opportunities are identified for the most material emissions categories.

Operational (scope 1 and 2) carbon revenue intensity is well below industry average

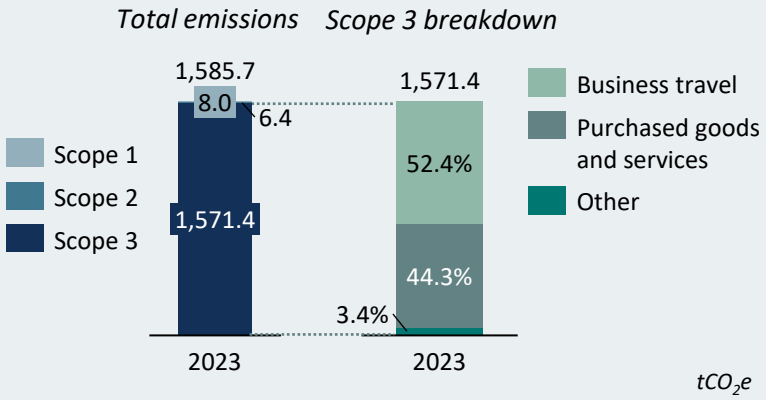


Data quality is moderate and has room for improvement across scopes 1, 2, and 3

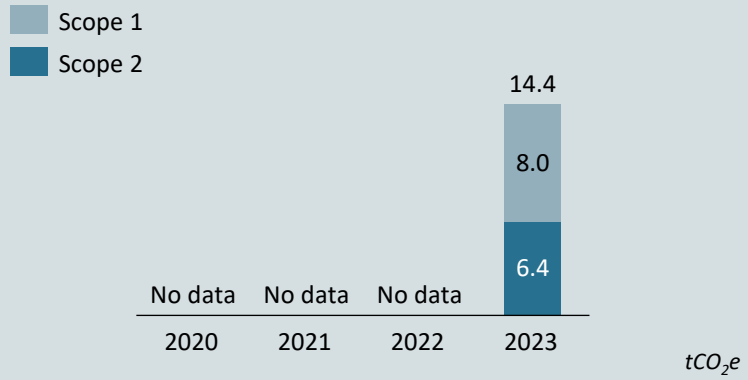
Scope 1 and 2 data is reliant on estimations based on average consumption from previous time periods to fill data gaps.[2] Scope 3 data is predominantly derived from spend-based data, bolstered by supplier-specific and activity data for purchases.

Metric	Scope 1	Scope 2	Scope 3
Quality	MEDIUM	MEDIUM	MEDIUM
Coverage[3]	HIGH	HIGH	HIGH

AdEx measured full value chain emissions for the first time in 2023, covering scope 1-3 emissions



Operational (scope 1 and 2) carbon emissions relate to energy consumption



High-level carbon reduction opportunities have been identified for AdEx

#	Action
A	Formalise existing business travel–related initiatives and implement travel policies
B	Implement a sustainable procurement policy that prioritises low-carbon suppliers
C	Gain better insight into operational energy consumption and electrify certain heating sources
D	Expand electric car fleet for company business travel

More details can be found in the carbon footprint section of this report. [1]For the IT consulting industry. [2]This includes previous years' consumption as well as monthly averages. [3]Coverage appears to be high, however in the absence of specific data coverage analysis, there is uncertainty in coverage for scope 3 (e.g. purchases) data covering all sites.
Source: Company data, Holtara analysis

Carbon footprint

AdEx's carbon footprint is primarily driven by scope 3 emissions, especially those arising from business travel and purchased goods and services

Total carbon footprint & intensity

1585.7	25.1
tCO_2e	tCO_2e/mEUR

AdEx's 2023 carbon footprint is 1585.7 tCO_2e.

Scope 1 and 2 emissions amount to 14.4 tCO_2e (0.9% of the total footprint).

AdEx's emissions are primarily derived from scope 3 sources, which account for 99.1% of the total footprint. Of these value-chain emissions, business travel emissions and emissions from purchased goods and services constitute the majority.

Data quality

MEDIUM	43
Indicative data quality	Data points captured in 2023

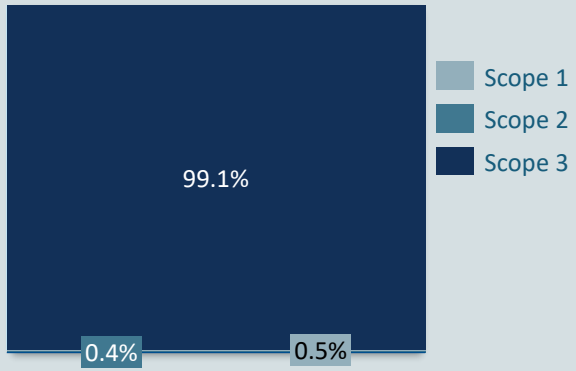
AdEx's 2023 hypothetical carbon costs

≈ €0.2 M — Company carbon cost based on €100/tCO_2e[1] carbon price

0.3% — Carbon cost vs revenue[1]

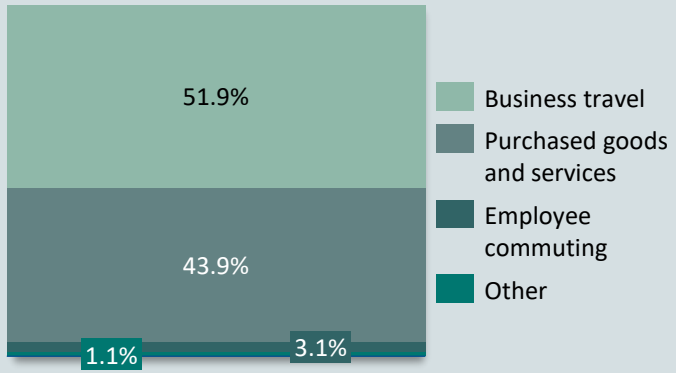
Carbon scope breakdown

Footprint 2023 (tCO_2e)



Top 2023 emission categories

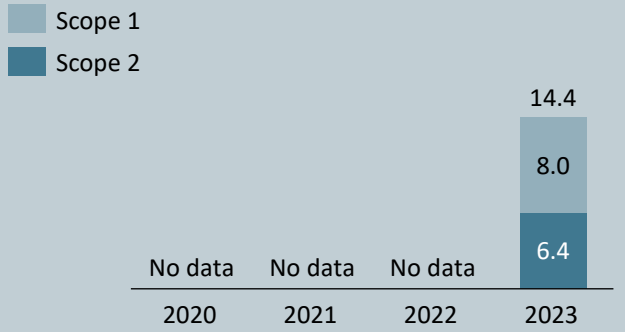
Footprint 2023 (tCO_2e)



Scope 1 & 2

0.9% of total — 14.4 tCO_2e

Footprint 2023 (tCO_2e)



Scope 3

99.1% of total — 1571.4 tCO_2e

Footprint 2023 (tCO_2e)

[1]Figures are indicative; this figure gives an insight into annual costs if an internal or external carbon price would be set to €100,-/tCO_2e.
Source: Company data, Holtara analysis

AdEx's operational carbon footprint is driven by the consumption of electricity, natural gas, and company car fuel use

Market-based emissions[1]

0.9%	14.4
Scope 1 & 2 share of total footprint in 2023	Total scope 1&2 footprint 2023, tCO_2e

Location-based emissions[1]

1.1%	17.0
Scope 1 & 2 share of total footprint in 2023	Total scope 1&2 footprint 2023, tCO_2e

Performance

AdEx's energy use primarily stems from electricity, natural gas, and purchased heat and steam. The greatest single source of emissions is from the mobile combustion of fuel by rented company cars.

Main actions

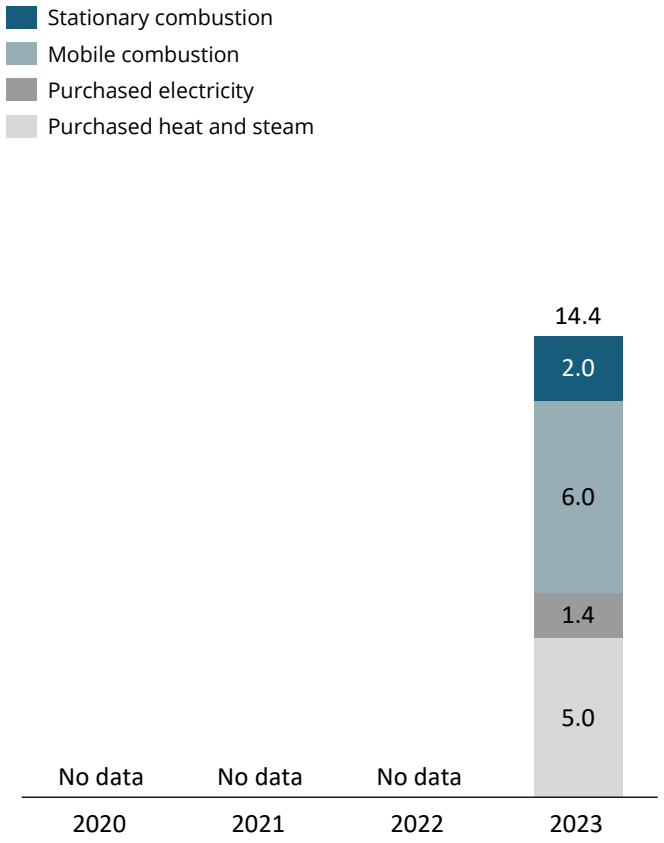
AdEx procures 65.7% of its electricity from renewable sources.

Data quality

Data quality is relatively low, as electricity and energy use are based on estimations from invoices, and in some cases scaled up to cover all locations and months. Additionally, electricity consumption for the Munich and Zug offices is estimated based on office surface area. Mobile combustion data is estimated based on fuel expenditures for rented cars.

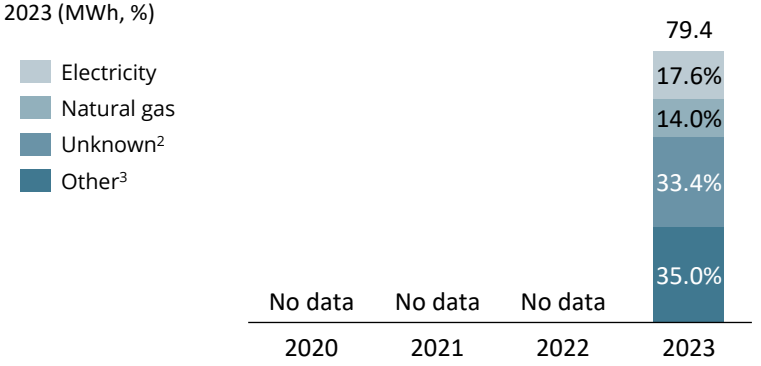
Scope 1 & 2 breakdown

Scope 1 & 2 footprint, 2023 (tCO_2e)



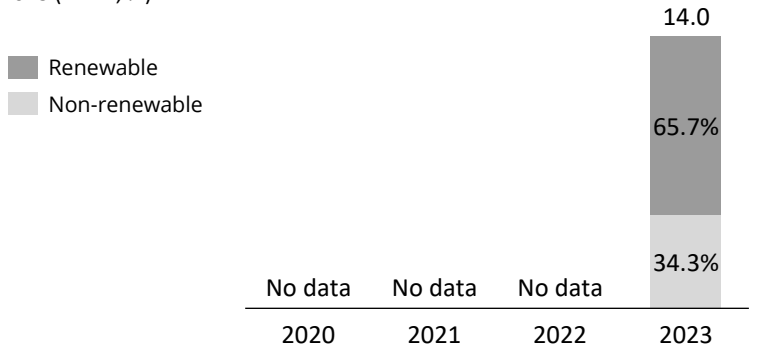
Energy consumption

Energy consumption per fuel type, 2023 (MWh, %)



Electricity consumption

Scope 2 electricity consumption renewable vs non-renewable,[4] 2023 (MWh, %)



[1]The market-based approach reflects emissions for the type of electricity procured, whereas location-based reflects the emissions from the local grid. [2]Corresponds to fuel consumption of an unknown fuel type by leased company fleet. [3]Corresponds to purchased heat and steam, the underlying energy source of which is unknown. [4]Where it is unknown whether procured electricity is renewable or non-renewable, a conservative estimate has been taken such that the electricity is counted as non-renewable.
Source: Company data, Holtara analysis

Value chain scope 3 emissions represent the majority of AdEx's carbon footprint

99.1%	1571.4
Scope 3 share of total footprint in 2023	Total scope 3 footprint 2023, tCO_2e

Performance

Value chain emissions amount to 1571.4 tCO_2e, representing 99.1% of the total carbon footprint. These emissions are primarily derived from business travel, driven by highly emissive air transportation, although AdEx also prioritises travel via rail, road, and transit. Purchased goods and services emissions include procurement of professional services as well as computer equipment and maintenance.

Main actions

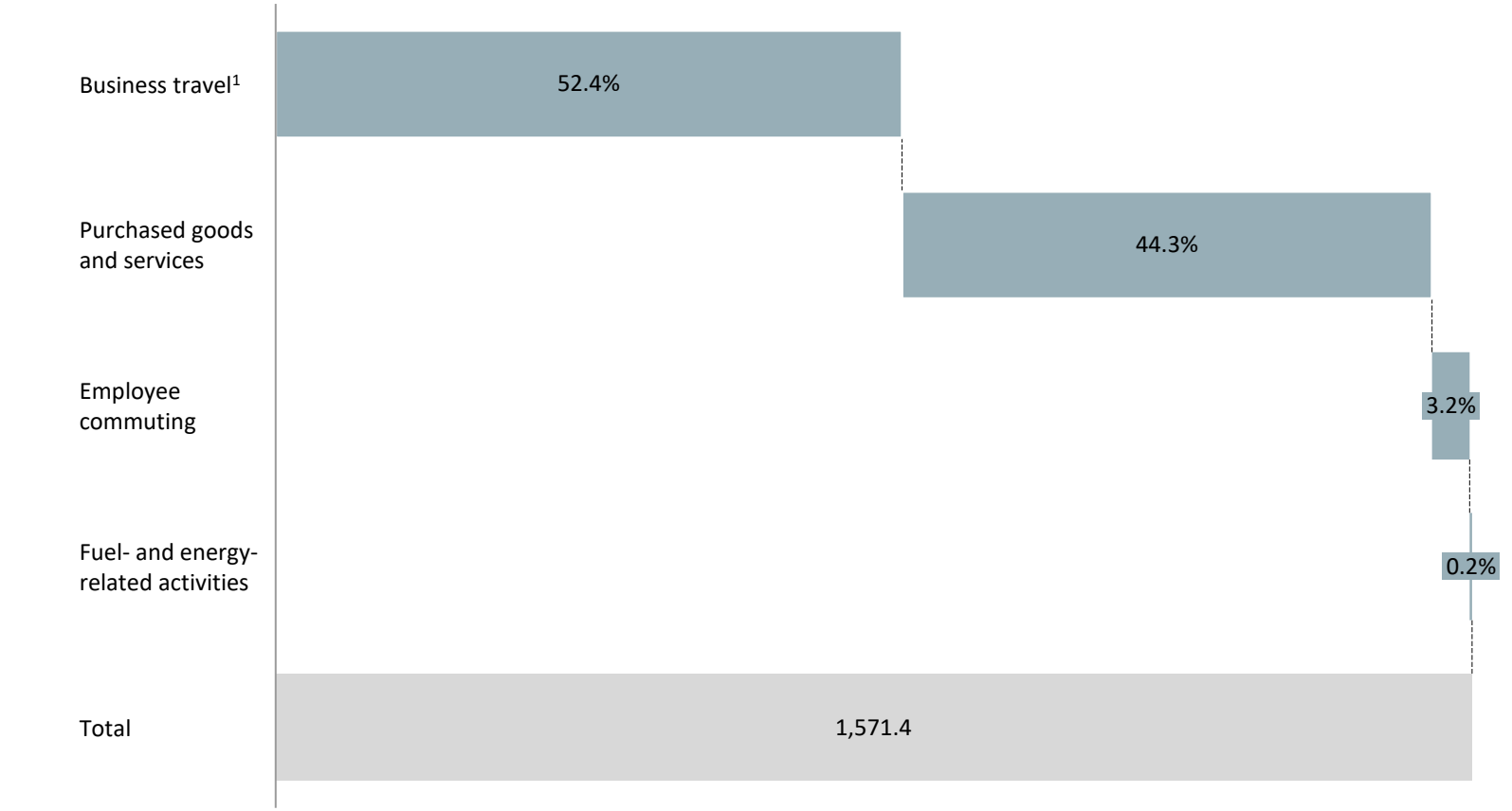
AdEx measured its full scope 3 emissions for the first time in 2023. Multiple initiatives are in place aimed at reducing emissions, including prioritising rail over air travel for business travel and increasing virtual collaboration to avoid travel. AdEx also donates older hardware to extend lifetime of IT devices.

Data quality

AdEx achieved a moderate level of data quality for value chain emissions. Business travel emissions are based on a mix of activity-based data, spend-based data, and estimations. Emissions from purchases rely mainly on spend-based data, with detailed item specificity, as well as supplier-specific and activity data. Commuting is estimated based on the number of employees and includes work-from-home days.

AdEx's scope 3 emissions are dominated by the business travel and purchased goods and services categories

Scope 3 footprint split by main emission categories, 2023 (tCO_2e, %)

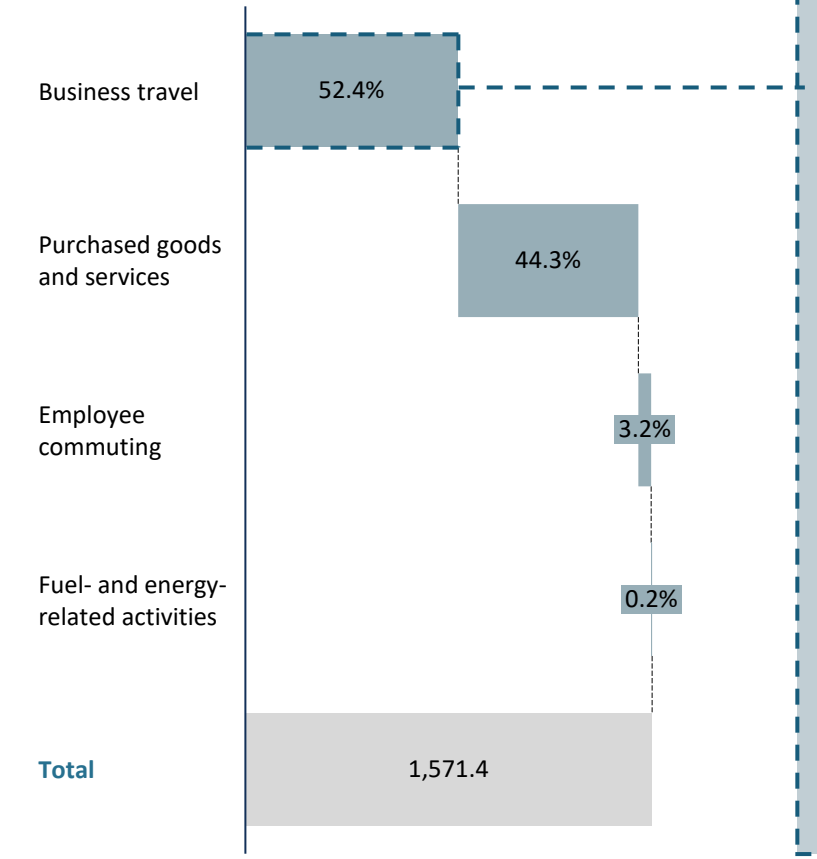


[1]More detailed breakdown provided on subsequent page.
Source: Company data, Holtara analysis

Deep-dive - The majority of scope 3 emissions stem from business travel, of which the main contributors are rail transportation and air travel

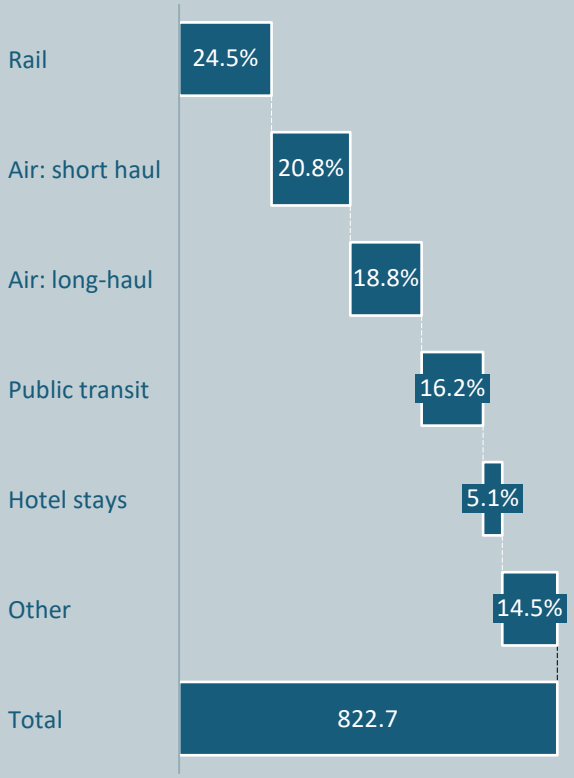
52.4% of scope 3 emissions stem from business travel

Scope 3 footprint split by main emission categories, 2023 (tCO_2e, %)



The total of short- and long-haul air travel represent the highest emissions source for business travel

Zoom: Business travel emissions, 2023 (tCO_2e, %)



Key takeaways

- AdEx's emissions are predominantly from business travel as well as purchased goods and services, which cumulatively represent 96.6% of scope emissions.
- Business travel emissions, comprising 52.4% of scope 3 emissions, are mainly driven by air travel (both short- and long-haul), followed by rail transport, and transit/ground passenger transport, with other modes contributing minorly.
- Purchase emissions primarily stem from expenditures on professional services provided by subcontractors and freelancers, as well as administrative and other services, including legal and consulting services. The rest relate to computer/electronic equipment, software services, office supplies, and cloud storage.
- Business travel data is a combination of activity-based data, spend-based data, and estimations. Meanwhile, purchase data is mostly based on expenditure, with activity-based data on subcontractor FTEs, while smaller sources like cloud storage services, laptops, and smartphones are reported at the supplier-specific level. Activity-based and supplier-specific data offer higher accuracy compared to spend-based data. Therefore, AdEx may consider enhancing data quality in future years to improve accuracy.

Source: Company data, Holtara analysis

High-level decarbonisation opportunities

10

Opportunities exist for AdEx to further reduce its carbon footprint in key emissions categories

Prioritisation[1]	Measure	Associated carbon footprint (% of total)	Financial burden[1]	Implementation
★★★	Business travel	51.9%	MEDIUM	AdEx is already taking ad-hoc initiatives to reduce the volume of air travel and replace with rail transportation where possible, as well as encouraging digital collaboration as much as possible. AdEx could formalise this approach by implementing a specific travel policy and give incentives for travel by public transportation.
★★	Sustainable procurement	43.9%	MEDIUM	Purchased goods and services are material for AdEx. AdEx can implement a sustainable procurement policy to gain insight into the environmental practices of suppliers and selectively procure services from low-carbon operators. This may also encourage AdEx's service providers to choose lower-carbon upstream activities.
★	Energy consumption	0.7%	HIGH	Insight into energy consumption at company locations is limited, such that the total energy-related emissions are based partly on estimations. AdEx could consider conducting an energy audit to gain insight into energy consumption at each location, as well as switching from natural gas to lower-carbon sources like electric heat pumps and/or a greater share of renewable electricity.
★	Electric / Hybrid rental fleet	0.4%	HIGH	As employees switch towards lower carbon transportation for business travel, AdEx may consider expanding the electric car fleet to aid the transition. This would help to reduce the emissions related to mobile combustion, as well as indirect emissions from fuel consumption when combined with procurement of green electricity.

Note: Figures are indicative. [1]Prioritisation is based on expected financial burden and relative contribution of each measure to carbon footprint reductions.
Source: Company data, Holtara analysis

Annex

Through a five-step process, we assess the full value chain emissions of AdEx, and identify key emissions reduction opportunities

1

The boundaries and scope of the study are defined based on company activities.

Organizational and operational boundaries are defined to determine the scope of the report. An analysis of the company's business offerings, operations, and their supply chain interactions informs whether, specific emission categories are identified as relevant and material.

2

Data is requested and collected for all material emission categories.

A custom data request is prepared for the company based on relevant emissions categories. A carbon data collection is established across a company's operations. This can involve direct communication with suppliers, monitoring the company's operational data (e.g. energy bills), and other means.

3

The data is checked, classified and validated.

The data undergoes a review for relevance, completeness, and consistency to ensure an accurate emissions assessment. During this process, emphasis is placed on the most accurate data types, prioritizing supplier-specific data, followed by activity data, and finally, spend-based data.

4

The carbon footprint is calculated in line with the GHG protocol.

When applicable, geographically and temporally relevant emission factors are applied to convert activity- or spend-based data, enabling the calculation of the carbon footprint for a particular activity. In cases of data gaps, estimation models may be employed to derive the carbon footprint for that activity.

5

High-level reduction opportunities are identified for the company.

The carbon footprint assessment offers insights into the primary emission drivers of the company, revealing crucial information and pinpointing avenues for reduction. This analysis can lead to the formulation of carbon reduction measures aligned with the company's objectives.

Source: Holtara analysis

Material scope 1 & 2 emission sources are identified based on typical company activities

✓ Material and included
➔ Material but not included in assessment
X Deemed not material

Scope 1 & 2 Materiality assessment

To enable an effective and efficient carbon monitoring and -reduction process, it is key to focus on material emissions sources. An analysis of the company's business offerings and operations was performed, informing whether specific emission categories are identified as relevant and material. Material emission sources contribute significantly to the company's overall footprint, whereas a category is deemed immaterial if its contribution to the overall footprint is negligible (<5% of overall footprint).

Analysis boundary

Organisational boundary	AdEx has direct operational control over its 5 company locations in the DACH region.
Scope of activities	Main activities at company locations include sales and provision of consulting services.

Emission category		Materiality	Reason for inclusion/exclusion
Scope 1	Stationary combustion	✓	AdEx heats its Dusseldorf location through the combustion of natural gas and emissions are calculated based on energy consumption.
	Mobile combustion	✓	AdEx operates a vehicle fleet of rental cars, and emissions are calculated based on total distance driven and average expenditure on fuel.
	Fugitive and process emissions	X	AdEx does not have activities that materially contribute to fugitive or process emissions, so this category is excluded from the assessment.
Scope 2	Purchased electricity (facility use)	✓	AdEx procures 65.7% renewable electricity and emissions are calculated based on electricity consumption data, with some extrapolations to fill data gaps.
	Purchased electricity (vehicle use)	➔	AdEx operates a fleet of two leased electric vehicles, although data is not available on electricity use so this category is not included in the assessment this year.
	Purchased heat and steam	✓	AdEx procures district heating for the Hamburg office, and emissions are calculated based on average consumption from the latest invoice.

Source: Company data, Holtara analysis

Material upstream scope 3 emission sources are identified and included in the assessment

✓ Material and included
➔ Material but not included in assessment
X Deemed not material

Scope 3 Upstream - Materiality assessment

For the scope 3 emission categories, a materiality analysis was performed based on the company's business offerings, and supply chain interactions, informing whether specific emission categories are identified as relevant and material. Categories are deemed immaterial if they are either not applicable to the company's operations and/or supply chain, or their contribution to the overall footprint is negligible (<5% of overall footprint).

Analysis boundary

Organisational boundary	AdEx has direct operational control over its 5 company locations in the DACH region.
Scope of activities	AdEx's upstream value chain actors are predominately in the professional services industry, as well as suppliers of procured goods such as electronic equipment and cloud-based services.

Emission category		Materiality	Reason for inclusion/exclusion
Scope 3 Up-stream	Purchased goods and services	✓	AdEx purchases goods and services, and emissions are calculated based on expenditure and volume of purchases, as well as some supplier specific emissions data.
	Capital goods	X	AdEx did not purchase any capital goods in the reporting year, so emissions are excluded from the assessment.
	Fuel-and energy-related activities	✓	AdEx purchases natural gas and electricity and other fuel sources (scope 1 and 2), and the indirect emissions are calculated based on energy consumption.
	Upstream transportation and distribution	X	AdEx does not have material upstream logistics requirements as purchases are mostly for services, so emissions are excluded from the assessment.
	Waste generated in operations	X	AdEx does not produce significant amounts of waste during its operations, so emissions are excluded from the assessment.
	Business travel	✓	AdEx employees travel for business-related activities (in vehicles not controlled by the company), and emissions are calculated based on transportation type and distance travelled, as well as expenditure for travel and hotel stays.
	Employee commuting	✓	AdEx employees commute to work, and emissions are calculated based on the number of employees and national average commuting statistics.

Source: Company data, Holtara analysis

Material downstream scope 3 emission sources are identified and included in the assessment

✓ Material and included
➔ Material but not included in assessment
X Deemed not material

Scope 3 Downstream - Materiality assessment

For the scope 3 emission categories, a materiality analysis was performed based on the company's business offerings, and supply chain interactions, informing whether specific emission categories are identified as relevant and material. Categories are deemed immaterial if they are either not applicable to the company's operations and/or supply chain, or their contribution to the overall footprint is negligible (<5% of overall footprint).

Analysis boundary

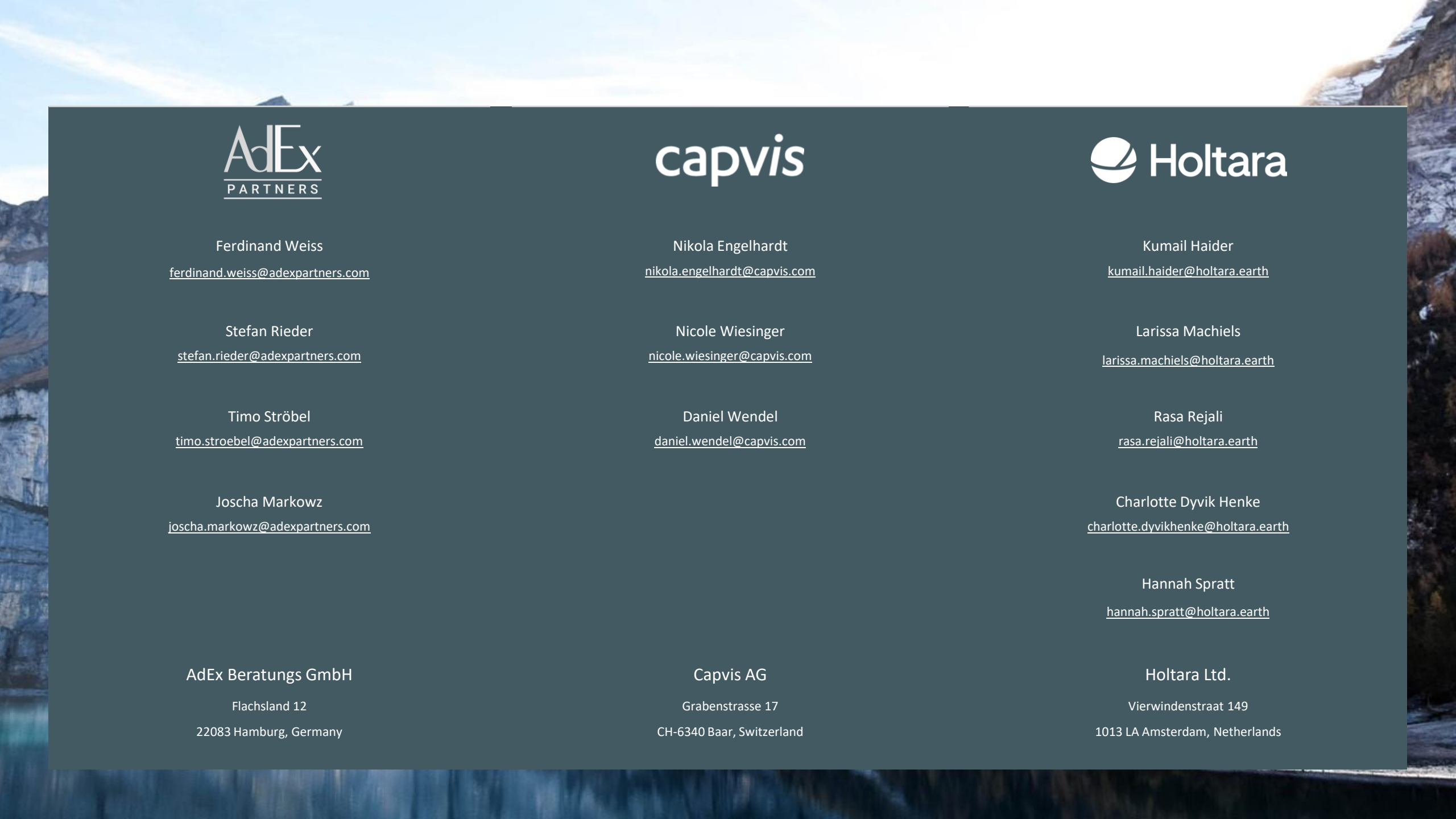
Organisational boundary	AdEx has direct operational control over its 5 company locations in the DACH region.
Scope of activities	AdEx's downstream value chain actors are predominately the clients benefitting from AdEx's services.

Emission category		Materiality	Reason for inclusion/exclusion
Scope 3 Down-stream	Downstream transportation and distribution	X	AdEx does not require downstream logistics for the provision of its services, so this category is excluded from the assessment.
	Processing of sold products	X	AdEx does not sell products require further processing downstream, so this category is excluded from the assessment.
	Use of sold products	X	AdEx does not sell products that consume energy, so this category is excluded from the assessment.
	End-of-life treatment of sold products	X	AdEx does not sell products that will turn into waste at the end of their lifetime, so this category is excluded from the assessment.
	Downstream leased assets	X	AdEx does not lease to others, so this category is excluded from the assessment.
	Franchises	X	AdEx does not operate franchises, so this category is excluded from the assessment.
	Investments	X	AdEx does not have investments, so this category is excluded from the assessment.

Source: Company data, Holtara analysis

Definitions and terms

Metric	Unit	Definition
Total energy consumption	MWh	The calculated total energy consumption from all sources (scope 1 and 2; including electricity, fuel, gas, and if relevant, steam and heat), during a reporting period.
Carbon intensity	tCO_2e / €M rev	Carbon emissions in metric tonnes per millions of net revenue, during a reporting period.
Scope 1 emissions	tCO_2e	Direct emissions due to owned, controlled sources accounted for using the GHG Protocol, during a reporting period.
Scope 2 emissions	tCO_2e	Indirect emissions due to purchase of electricity, heat, steam, etc. accounted for using the GHG Protocol, during a reporting period.
Scope 3 emissions	tCO_2e	All indirect emissions (i.e. not included in scope 1 or 2) that occur in the company value chain, including both upstream and downstream emissions. Accounted for using the GHG Protocol, during a reporting period.
Proxy data	-	Proxy data refers to indirect or substitute information used to estimate GHG emissions when direct emissions data is unavailable or difficult to obtain.
Activity data	-	Activity data specifies how many units of a particular product or material that a company has purchased. For example, it could be litres of fuel, kilograms of textile, etc.
Spend data	-	Spend data relates to the financial expenditures associated with GHG emissions. It involves tracking the monetary costs associated with activities, processes, or purchases that lead to emissions.
Supplier data	-	Supplier-specific data is information provided by suppliers or vendors that is relevant to GHG emissions accounting. This data typically includes details about the emissions associated with the production, transportation, or provision of goods and services by suppliers.
Market-based approach	-	A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).
Location-based approach	-	A location-based approach accounts for emissions based on the average emissions intensity of grids where energy consumption takes place, primarily utilizing grid-average emission factor data.
Base year	Year	A historic datum (a specific year or an average over multiple years) against which a company's emissions are tracked over time.
CO_2 equivalent	CO_2e	The universal unit of measurement to indicate the global warming potential (GWP) of each of the six greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate different greenhouse gases against a common basis.



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